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R 191347Z MAY 08
FM AMEMBASSY MANAGUA
TO RUEHC/SECSTATE WASHDC 2633
INFO RUEATRS/DEPT OF TREASURY WASHINGTON DC
RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE

UNCLAS MANAGUA 000633

STATE FOR WHA/CEN, EB/IFD/OIA AND L/CID
STATE FOR WHA/EPSC
STATE PLEASE PASS TO USTR
TREASURY FOR INL AND OWH

SENSITIVE
SIPDIS

E.O. 12958: N/A

TAGS: EINV ECON USTR KIDE NU

SUBJECT: NICARAGUA: ATTORNEY GENERAL PRESSED FOR MORE COOPERATION TO
RESOLVE U.S. CLAIMS

REF: A) MANAGUA 564, B) MANAGUA 274, C) MANAGUA 0002,
D) MANAGUA 424, E) 02 MANAGUA 877, F) MANAGUA 336

SUMMARY

¶11. (SBU) In a May 9 meeting with the Ambassador, Attorney General Hernan Estrada agreed to extend a May 16 deadline to June 16 to allow U.S. claimants more time to consider Government of Nicaragua (GON) offers to settle 42 property claims. Estrada finally conceded that U.S. Embassy Property Office staff could attend GON meetings with U.S. claimants. He also agreed to meet with claimants to determine whether their cases should be dismissed under Decrees 3 and 38. The Ambassador noted that the GON has resolved only 12 claims this waiver year -- and none for properties under GON control -- and pressed Estrada for more cooperation on case resolution. As the end of this waiver year approaches, Estrada's constant assertions that the GON is doing all it can to resolve U.S. claims still ring hollow.

AGREEMENT TO EXTEND DEADLINE TO RESOLVE 42 CLAIMS

¶12. (SBU) On May 9, the Ambassador met with Attorney General Estrada to review U.S. property claims resolutions as the waiver year draws to an end. Ruth Zapata, head of the Office of Assessment and Indemnification (OCI), also attended the meeting. Estrada asserted that 42 claims are ready for final settlement, pending additional paperwork and claimant signatures. The Ambassador noted that several U.S. citizens on that list have told Property Office staff that the GON had not notified them of their settlement offers, and that the GON is pressuring them to settle without giving them a chance to fully understand the GON's offer of compensation. In the Ambassador's presence, Estrada agreed to extend the deadline to finalize these 42 claims from May 16 to June 16, and he asserted that he and his staff are ready to meet with claimants to discuss their offers. [Note: Estrada's assertion that he will meet with claimants to discuss their settlement offers contradicts his April 24 letter to the Ambassador stating that he will not meet with claimants to discuss settlement offers. End note.]

EMBASSY STAFF CAN ATTEND MEETINGS WITH U.S. CLAIMANTS

¶13. (SBU) The Ambassador again asked Estrada to allow the Embassy Property Office staff to attend GON meetings that he and his staff have with U.S. claimants to improve cooperation on resolving cases. After five months of asking, Estrada finally conceded, asserting that his April 24 letter invited Property Office staff to attend meetings with U.S. claimants at the Attorney General's Office. The Ambassador reviewed the April 24 letter in Estrada's presence, but

could not find this point explicitly stated.

ESTRADA WILLING TO REVIEW ANTI-SOMOZA DISMISSALS

¶4. (SBU) The Ambassador voiced serious concern that the GON has dismissed 84 more claims based on Decrees 3 and 38 (Somoza family and associates) without providing claimants an opportunity to defend their cases (Refs A-C). The Ambassador told Estrada that some claimants have "certificates of non-confiscation," which state they are not subject to confiscation under Decree 38 and/or other confiscation decrees (Ref D). Estrada said he is willing to meet with claimants to determine if the decree is applicable to their cases. He noted that one claim belonging to U.S. citizen Octavio Bustamante was initially dismissed under Decree 38, a decree that authorized the expropriation of property belonging to "allies of Somoza," but the GON's technical committee for property claims reviewed the case and determined that Bustamante was eligible to receive compensation. [Note: We are following up with Mr. Bustamante's legal representative to confirm this information. End Note.]

FEW U.S. CLAIMS RESOLVED; NONE UNDER GON CONTROL

¶5. (SBU) The Ambassador pointed out that from our perspective only 12 claims have been resolved during the waiver year, none of which involve properties under GON control. Zapata explained that the GON is preparing a settlement offer for the 29 properties in the Las Serranias residential complex co-owned by U.S. citizen Juan Barreto but controlled by the Nicaraguan Army (Ref E). She added that OCI is also working on settlement offers for three claims under the control of CORNAP, a parastatal holding company, and on two claims controlled by government ministries.

GON RISKS LOSING WAIVER

¶6. (SBU) The Ambassador pressed the Attorney General for more cooperation on resolving U.S. claims, noting that the GON runs the risk of not receiving a Section 527 waiver for 2007-08, and losing important bilateral assistance. Estrada responded that the GON is working diligently to resolve claims with its limited financial resources. The Attorney General said he believes that the Ortega administration has made a good faith effort to resolve U.S. claims. The Ambassador urged the GON to do as much as it can before the end of this waiver year.

COMMENT

¶7. (SBU) Estrada's seeming confidence and constant assertions that the GON is doing all it can to resolve U.S. claims still ring hollow. Indeed, Estrada's March 17 interview with a local newspaper conveyed his belief that the Ortega administration will receive the waiver regardless of the number of resolved claims by the GON (Ref F).

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